

Message Text

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ACTION IO-14

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FODAG

FOR PAUL BYRNES IO/AGR
PASS USDA FOR KRIESBERG

E.O. 11652: N/A
TAGS: FAO AORG
SUBJ: GENEVA GROUP ROME MEETING, AUGUST 10

REF: ROME 14732

1. FOLLOWING IS CANDIAN STATEMENT ON FAO 1980/81 BUDGET,
AS READ AT AUGUST 10 GENEVA GROUP (GG) MEETING. BEGIN TEXT.
2. AGREEMENT AMONG GROUP ON METHOD TO CALCULATE BASE BUDGET
WOULD BE PREREQUISITE TO MEANINGFUL CONSENSUS ON OTHER BUDGET
ISSUES. IDEALLY SECRETARIAT SHOULD PROVIDE LIST OF NON-
RECURRING ITEMS. IF SECRETARIAT REFUSES, LOCAL GG COULD DISCOUNT
OBVIOUS NON-RECURRING ITEMS AND ESTIMATE OTHER FACTORS BASED
ON AMOUNT OF UNEXPECTED FUNDS IN PREVIOUS BIENNIUM.
3. NEXT STEP WOULD BE TO RE-COST IN TERMIS OF ESTIMATED
COSTS AT BEGINNING OF NEW BIENNIUM. USING THIS RECORSTED BASE
RATE OF GROWTH FOR NEW PROGRAMS COULD THEN BE CALCULATED IN
ANNUAL PERCENTAGE TERMS AND ADDED. ONLY ONCE THESE STEPS ARE
COMPLETED CAN FACTORS SUCH AS PORTION OF ANTICIPATED INFLATION
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(SEMI-FULL BUDGETING) AND COMPENSATION FOR CURRENCY FLUCTUATION
(SUSPENSE ACCOUNT) BE CALCULATED AND ADDED. GROUP COULD AT PRESENT
STAGE NOTE THAT ANTICIPATED NATURAL SAVINGS WILL LIKELY OCCUR
AS WELL AS PRODUCTIVITY INCREASES IN STAFF AND DELAYED RECRUITMENT
WHICH COULD BE TAKEN INTO ACCOUNT AT LATER STAGE IN PROGRAM
BUDGET PROCESS.

4. WE AGREE THAT AS COUNTRY REPS AND TCP ARE LIKELY TO BE ON-GOING ITEMS, THEY SHOULD NOT REPEAT NOT BE DEDUCTED IN CALCULATING BASE. IF MEMBER STATES DECIDE OTHERWISE ON FUTURE OF THESE TWO ACTIVITIES, BASED ON EVALUATION OF RESULTS TO DATE, THEN BASE WOULD OF COURSE BE LOWER.

5. PROVIDED GG COULD AGREE TO BASE WHICH REFLECTS AGREED DTANDARD FRAMEWORK AS PER ABOVE (IDEALLY WITH COOP OF SECRETARIAT) THEN WE WOULD AGREE TO GROWTH UP TO TWO PERCENT TO BE AS WELL JUSTIFIED IN TERMS OF PROGRAMS AS PER NETHERLANDS AND SWEDISH INSISTENCE. HOWEVER, IF THERE IS O REPEAT NO AGREEMENT ON METHOD TO CALCULATE BASE FIGURE, CALCULATION OF UP TO TWO PERCENT RAL GROWTH WILL GIVE RISE TO DIFFERENT INTERPRETATION FOR FINAL BUDGET TOTAL. IN THIS CONTEXT, WE DO NOT REPEAT NOT BELIEVE THAT ADDITION OF TWO PERCENT ANNUAL REAL GROWTH TO BASE BUDGET OF 210 MILLION DOLLARS IS DATISFACTORY REFLECTION OF AGREED CONCLUSIONS OF GG CONSULTATIONS.

6. BELIEVE THAT IT IS IMPORTANT THAT DIALOG BE MAINTAINED WITH DIRECTOR-GENERAL, THEREBY PREVENTING DG FROM CLAIMING THAT MAJOR DONORS WERE SLOW IN COMING FORWARD WITH SPECIFIC PROPOSALS.

7. GENEVA GROUP SHOULD ALSO BEGIN ASAP DISCUSSIONS WITH G-77 EXPLAINING TO THEM ISSUES AND OUR PROPOSALS. DG WILL BE LOBBYING AMONG G-77 AND SO SHOULD GG. FIRST STEP COULD BE INFORMAL UNCLASSIFIED

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DISCUSSIONS BETWEEN CHAIRMEN; SECOND STEP, DISCUSSIONS ON INDIVIDUAL BASIS BETWEEN COUNTRY REPS RATHER THAN BETWEEN GROUPS; AND THIRD STEP, JOINT SESSION OF TWO GROUPS WITH DG.

8. HOWEVER,BEFORE ANY ACTION IS TAKEN, WE MUST BE SURE THAT GG MEMBERS AGREE ON WHAT GROUP IS PROPOSING. WE MUST ALSO BE SURE THAT OTHER GG REPS ARE ACCURATELY REFLECTING VIEWS OF THEIR CAPITALS. FIRST PROPOSAL OF GROUP MIGHT BE BASE BUDGET THAT ELIMINATES ALL NON-RECURRING ITEMS AND LOW PRIORITY PROJECTS WITH NET GROWTH RATE OF TWO PERCENT PER ANNUM. GROUP COULD THEN ASK FOR DG'S REACTION AND, IF NEGATIVE, HIS COUNTER-PROPOSAL.END TEXT.
HOLMES

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